

**STATE CONTROLLER'S OFFICE  
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES  
November 2003**

DATE: December 12, 2003

TO: All Civil Service/Exempt Departments

FROM: State Controller's Office  
Don Ward, Manager  
Personnel/Payroll Operations  
(916) 322-8805

RE: PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES

This recaps the November 13, 2003 Personnel/Payroll Review Committee (PPRC) meeting and provides information for the January 8, 2004 meeting.

We would like to thank those department representatives that participated in the November meeting for their time and effort. There were 51 representatives from 34 departments that participated in this meeting.

Personnel/Payroll Review Committee  
November 13, 2003 Meeting Notes

The meeting was called to order at 1:30 by Pam Keegan.

Departments represented:

Air Resources Board, Alcohol and Drug Programs, Board of Equalization, California Highway Patrol, California Integrated Waste Management, CalPERS, California State Library, Community Services & Development, Consumer Affairs, Corrections, Developmental Services, EDD, Energy Commission, Environmental Health Hazard Assessment, Fish & Game, Forestry and Fire Protection, Franchise Tax Board, General Services, Insurance, Legislative Counsel Bureau, Lottery, Managed Care, Mental Health, Motor Vehicles, Parks and Recreation, Peace Officers Standards & Training, Rehabilitation, Secretary of State, State Controllers Office, State Personnel Board, State Teachers Retirement System, Transportation, Water Resources, Water Resources Control Board.

Old Business:

None

New Business:

Agenda Items  
Distribute Handout Materials  
Approve Prior Meeting Notes  
Guest Speakers  
SCO Update  
Department Issues/Concerns  
Confirm Next Meeting Agenda, Time and Place

Approved September 2003 meeting notes.

Guest Speaker: Ron Hutcheson, Manager-PPSD Customer Support Section  
addressed the following:

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Universal Pay Access - (the ability for you, once an employee is employed by a department, to view up to three years of HIST for all pay issued to the employee).

The Transactions Supervisor Forum was requested by the SCO to provide their top three requests for potential system modifications. Universal Pay Access was their number one priority. Initial investigation of this request determined that the modification would require major programming changes, as well as addressing several security issues. This will not prevent pursuing the potential modification; however, from a cost/benefit standpoint, a better understanding of the overall benefits is required. To date, we have heard that the benefits would involve dealing with garnishment, A/R, disability and intermittent pay problems.

Also, the investigation of this request will include identifying alternatives to modifying the system. For example, what would be required for the SCO to provide departments with the needed pay history information in hardcopy form?

At this point and to help with the cost/benefit analysis, departments are requested to provide the specific situations where Universal Pay Access would be beneficial, the amount of time currently spent on dealing with these situations, and the number of times per year they have need for this type of access. Your input would be greatly appreciated by December 31, 2003 and can be emailed to Ron at rhutcheson@sco.ca.gov.

Question: What would really be beneficial is to have access to employees' Employment History records before they are appointed to a department. Will this be possible?

Answer: No. Due to confidentiality laws, a department must own an employee before they can have access to personnel records.

#### Statewide Training

Reminder: Effective January 1, 2004, new training cancellation/no show and travel policies will go into effect. Specifically, for training class cancellations made less than five days prior to the first day of class, departments will be charged \$100. Departments will also be charged \$100 for class "no shows". For training classes conducted outside of the Sacramento area, departments will be charged \$25 per trainee.

Statewide Training conducts a training Needs Assessment three times per year. Departments are requested to identify their semester training needs, from which the Statewide trainers develop their training schedules. For the recently completed Winter 2004 Needs Assessment, 850 requests for training were received, with 750 being satisfied.

Over the past couple of years, requests for training have declined. Previously, the Needs Assessment process resulted in 1,100 - 1,300 requests, and reached as high as 2,300. As such, we are looking into reasons for this decline. Considering the past and current hiring freeze, one reason may be associated to little movement between departments and minimal new hires. Another reason may be a saturation of training for the classes currently offered.

To ensure that the SCO provides training for subject matter that is most important to departments, we would appreciate your input as to what potentially new training courses you would like to see provided. For example, would training on Military and Premium pays, and A/R's be beneficial? Your ideas would be greatly appreciated. Please provide your input to Ron by December 31, 2003 at rhutcheson@sco.ca.gov.

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Attendee Comment: I think the primary reason that you're seeing a low number of class participation is due to the freeze. I hope that in the future when the freeze is lifted and we do see more movement between the personnel offices that you will consider expanding the current curriculum to include the primary classes along with the new classes you're looking at. The fundamentals like PAR documentation will always be needed.

Question: CLAS Employee Annual Statement of Leave is listed with the employee's entire SSN. Can it be changed it to the last 4 digits?

Answer: Yes. We are currently pursuing this modification to the statement.

Question: Can CLAS training also cover how to determine to count hours for eligibility purposes. Apparently different offices do it different ways.

Answer: We will look into this situation.

Guest Speaker: William Greenhalgh, CalPERS Health Benefit Division addressed the following:

How did everyone do with open enrolment?

Attendee Question: I'm with Department of Forestry and we had a lot of firefighters that were down south, are you guys addressing that?

Answer: Officially, and we have to make this clear, open enrolment was not extended. However, if you still have documents that were received in October and have not yet been keyed, you need to key them ASAP. ACES will accept an open enrolment transaction with a receipt date in October, however the longer you wait after that date the more potential problems you can run into. You may now start bumping up against our rollovers, in Western Ventura County we have done all the rollovers from Kaiser to Blue Shield because Kaiser pulled out of Western Ventura County. Actually, they didn't pull out of the whole county, they will not however accept our medicare members. We cannot contract with a plan that will not accept our medicare members. Effective Friday, November 14th they will start doing the manual rollovers.

Attendee Question: I have an employee who is canceling her CO-BEN and going on her spouse's plan - do I submit all of this as a package?

Answer: Yes, but if they submit as a separate it's not a problem. CalPERS roll in this is very minimal. I would like to confer with SCO on this matter to get their preference before confirming this.

Attendee Comment: We need more time to key on ACES after the final open enrollment date. We only have seven days in which to key and that is just not enough time to get everything keyed.

Answer: I agree with you, here's what we ran into this year. Negotiations this year were so severe with the carriers and with the rate increases that the enrollment kept getting pushed back. This makes it a late open enrollment and then you still have end of the year transactions to process. This also impacted us at CalPERS. We can hope in the future that this is taken into account.

Attendee Question: What do we do with ACES Transaction Report? What is it used for?

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Answer: Some people use it to verify that transactions are not fraudulent and to confirm that the transaction was processed. Also, 23 year olds are on that listing for your records so that you know to delete them from dental and vision.

Attendee Question: Can the Employer Transaction Log be sorted by Agency and Reporting Unit?

Answer: Yes.

William's question: Would you like separations identified on the Employer Transaction Log when we cancel health insurance because of a permanent separation? It would be a good reminder for the need for Direct Pay or Cobra.

Answer: Everyone agreed that would be good information to have.

Guest Speaker: Cheryl Salvador, CalPERS, Actuarial & Employer Services Division addressed the following:

All of the information below can be found in the CalPERS State Handbook on pages 60 - 64.

**CalPERS Membership Eligibility**

Government Code Section 20305(a) (1) states an employee does not need to re-qualify for membership if they are a current member of CalPERS. This means the employee must have contributions on deposit.

For example, if an employee worked for the City of Sacramento from 1995 to 1998 and left their contributions on deposit then came to work for a State agency as a Permanent Intermittent, this employee would qualify for immediate membership into CalPERS. You would not monitor this employee for the 1,000 hours.

However, if in the above example, the employee did withdraw their contributions instead of leaving them on deposit, then this employee would not qualify for immediate membership since they are no longer a member of CalPERS. You would monitor them for the 1,000 hours.

The next question is "How do I determine if the employee is a previous member of CalPERS and has contributions on deposit?" First, ask the employee. But we all know they sometimes don't recall if they were in CalPERS or if they left their money on deposit. Most employers' have a tool in their office they can use . . . ACES. You can obtain the information under the "Participant Inquiry Screen" in ACES. You will get a small amount of information, but enough to determine if the employee is a member of CalPERS and has contributions on deposit.

The next thing is when do you bring someone into CalPERS. This is based on their appointment time base and tenure. The following situations are mandated into CalPERS membership upon appointment:

- Permanent Full-time (usually 40 hours per week)
- Temporary Full-time - appointment in excess of 6 months (Note: If the appointment is exactly 6 months or less, the employee is not brought into membership on appointment date. You would monitor their time.)
- Part-time, averaging at least 20 hours per week, for one year or longer

For temporary, seasonal, limited term, on-call, emergency, Permanent Intermittent employees, you will monitor their time. The employee will be brought into CalPERS membership once they reach 1,000 hours in a fiscal year (July 1 - June 30). All hours they are compensated for are included in the 1,000 hours.

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**Failure to Timely Enroll a Member**

Government Code Section 20283 states any employer that knowingly fails to enroll an employee into membership within 90 days of when the employee became eligible for membership shall be required to pay all arrears costs for the member contributions and an administrative cost of \$500 per member.

What does this mean? As the employer you need to make sure you monitor the 1,000 hours very closely. Also, verify if a member is a previous member of CalPERS to determine if they should be brought in on appointment date.

**Notice of Exclusion from CalPERS Membership (PERS-AESD-139S)**

This is a new form as of July 2003. This should be completed when an employee is not eligible for CalPERS membership. It is not required, but is recommended to compliance with Government Code Section 20305. You do need to complete the form in duplicate. The original goes to the employee and you keep a copy for your records. **DO NOT SEND THE AESD-139S TO CalPERS.** The form can be found on page 64 of the State Handbook. It also can be found on the CalPERS web site at [www.calpers.ca.gov](http://www.calpers.ca.gov).

This form can possibly protect you from Government Code Section 20283. This form instructs the employee to notify you if they were a previous member of CalPERS. If the employee doesn't notify you; the employee signs the AESD-139S; you checked ACES and ACES showed the employee was not a member of CalPERS; but later on you bring the employee into membership and CalPERS systems show the employee should have been brought in earlier, then you will have avoided the penalty under GCS 20283.

**Part-Time Positions Scenarios**

1. Employee is working 2 part-time positions with 2 different State agencies. Both positions are 3 hours each day.

If one or both position(s) are temporary, then monitor the employee for 1,000 hours between the two positions. Once the 1,000 hours is met, bring the employee into membership for both positions.

If both positions are permanent, then membership qualification is met when the 2nd appointment is received, since the person is not averaging "at least 20 hours a week for one year or more."

2. Employee is working 2 part-time positions. Both positions are 3 hours each day. One is with a State agency and one is with a PA/School.

You do not combine PA/School/State\*. If an employee reaches 1,000 hours in one of the positions, then both positions are brought into membership.

3. Employee is working 2 part-time positions. One is 6 hours a day with a PA/School and the other is 3 hours a day with a State Agency.

In the payroll systems of most employers, it is not possible to report to PERS contributions on some of a position's earnings, but not all of the position's earnings. Most systems (including SCO's) require that the earnings either be reported to PERS, or not be reported.

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In an ideal world, the position with the highest pay rate would report all of its time and the lower pay rate would report only up to full-time.

However, as the world is now, we ask all of the time to be reported. The member will over pay contributions, but nothing can be done about it.

For example:

	PAY RATE	EARNINGS	SERVICE
ER "A"	\$4400	\$3300	0.750
ER "B"	\$4000	\$1500	0.375

4. Employee is working 2 Permanent Intermittent positions with 2 different State agencies. Since this is employee is with 2 State agencies, combine all the time. Once 1,000 hours is reached, bring employee into membership under both positions.

5. Employee is working 2 Permanent Intermittent positions. One with a State agency and one with a PA/School.

Same as # 2 above.

6. Employee is working full time with a CalPERS employer (PA/School/State) and also has a part-time position with a State agency. The part-time position is considered overtime and not reportable to CalPERS.

7. Employee is working in one position at 4/5ths time and another position at 3/5ths time.

Same as #3 above.

\*If an employee is working at 2 different employers (PA/School/State), you do not combine the time except as follows:

- All State (excluding CSU) are combined
- All CSU (excluding State) are combined
- All schools within a County Office of Education is combined

SCO Update: Pam Keegan

W-2's: We're coming up on that time of the year for the mailing of the W-2's. We have identified those employees on our system who do not have an address on file. Please take a look through the stack of envelopes we are sending around before you leave, these are filled with listings of employees who have no address information entered on the system for W-2 purposes. These employees must have an address on file for the W-2 to be mailed to the employee. Please inform your employees that any address updates must be processed by 12/15/03.

We also want to point out that there has been a change this year with the return address' shown on the W-2. Effective this year the return address on the W-2 will be the employing agency's return address, not SCO's address. Also, make sure that we have your current agency return address on file. If you did not respond to our updated return address request then we will be using the address shown for your agency/campus on CPOD. Also, for CPOD, please take a look and make sure that the information shown out there is correct. We use this reference tool quite often when we need to contact you and it makes our job much easier if the information shown is correct and current.

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Question: If an address is on the EAR, shouldn't it be available on the W-2?

We have an employee who is on the listing but does have a current address on file.

Answer: We should have an address for that employee. Pam asked for the SSN of the employee and she would check this out.

Organization Charts: We should have updated organization charts available by the next meeting.

Duplicate W-2's: The cost for employees requesting a duplicate W-2 has gone up to \$8.50. Also, effective immediately we no longer accept personal checks. If you go out and look at our web-site it will tell you the if the employee is actively employed the payment is established as a payroll deduction. If they are in a classification that cannot have deductions then we will require either a money order or cashiers check. For employees who have separated they too must use either a money order or cashiers check. There will be a payroll letter addressing this soon.

Keying Overtime with PLP: You must use the hourly straight time rate for OF5 or the hourly time and a half rate for OF6. Do not key the employees based on salary rate, PIP will take the full salary rate and issue these requests as overpayments.

Question: Can we use the PIP - 683 ADJ Screen to adjust all of the overtime underpayments that issued due to PLP?

Answer: Yes!

Domestic Partner Benefits: We have problems where the Party Code is incorrect going back to the year 2000. The Party Code was keyed as a 2 and should be an A. Due to taxable implications we are required to adjust the Social Security and Medicare on these, we will not however be adjusting for taxes. Payment Type K A/R's are being processed and if you have staff effected by this we will be sending letters along with the listings. We are also revising the Payroll Procedures Manual to cross reference the Domestic Partner section with the dental section and will be taking a more proactive approach in the future and checking these every quarter or so. Please remind you co-workers to verify that your party codes are correct.

Garnishment, Form 639: Please try to meet our noon deadline for master payroll cutoff when faxing your garnishment forms to us. Our auditors are not happy that we're working overtime to process garnishments that are coming in late. We would prefer that you submit the Form 639 prior to master cut-off so that we can process them on a flow basis. If everyone waits until the last minute to fax their documents to us then it not only jams up the garnishment fax machine it also causes phone calls from those of you who can not get through due to the queue being full.

Question: For semi-monthly employees, how do they make sure that the Form 639 is processed by the 1st half semimonthly cut-off? They send it on or before the 1st half cut-off and it doesn't get processed.

Answer: We'll need the specifics to research it.

Calendar Year-End: Per Payroll Letter 03-017, please meet these deadlines so that W-2's will be accurate. It is very important that these cut-off dates are met in order for the W-2's to be accurate.

A/R's: Currently, if we identify an overpayment of less than \$5.00 we do not notify you of the overpayment and we do not establish an agency collection A/R unless we receive a 674 from you requesting that we establish an A/R. We are looking into raising the \$5.00 cap to \$25.00. This is

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only for salary overpayments and time. Social security, medicare, retirement, benefits, etc., these are all items that we must recover via A/R's, no matter what the amount.

Discussion: there was a lot of discussion about this and many of the attendees didn't realize that we didn't notify them if the overpayment was \$5.00 or less per payment. Many thought that it was \$5.00 or less per employee.

Question: So, if an employee that had multiple overpayments that added up to more than \$5.00, we would notify them?

Answer: No, each overpayment had to be over \$5.00.

Question: If an employee had a code 035 deduction set up but then the employee was not on active pay status, SCO changes the deduction to agency collection and is no longer notifying us. Why?

Answer: Pam will get back to them on this.

Item 962: Please read the Personnel Letters for separating employees, it is very important that you read these and use the information provided to ensure that both the time and salary rate are correct. You must enter the Non-PLP rate in Item 962. Our system will issue warning messages if salary rates are keyed wrong or numbers are transposed, but it will still issue the payments. Please make sure that you verify the time and salary rates before you release pay.

Dental Form 692: Just a reminder that we need two copies of the form submitted.

674 A/R's: Please make sure that your dock time and time worked add up to the total time in the pay period. We are receiving a lot of 674 A/R's where the time is not adding up.

SCO Update: Cindy Rounds

Direct Deposit Telephone Number Changes: Due to an internal reorganization we made, please use the following Direct Deposit Unit phone numbers:

Direct Deposit Unit (916) 327-5023

Direct Deposit Unit (916) 322-4892

Direct Deposit Supervisor (916) 324-3925

Position Control: Department of Finance (DOF) directed SCO to reestablish numerous positions that were on the vacant position report as of June 30, 2003 and were subsequently abolished. Specifically, SCO reestablished these positions during October 2003 with a July 1, 2003 effective date. Although we've received a preliminary request from DOF to track these positions for GC 12439 purposes (beginning October 1, 2003 rather than July 1, 2003), we have not received a formal request. However, we are currently evaluating various methods to track these specific positions beginning October 1, 2003.

Disability Calculators: Changes are being made to the ENDI calculator to accommodate PLP. Unfortunately, there are no plans at this time to modify the IDLS calculator for PLP due to the excessive programming costs required. However, we do plan on evaluating some other means to assist you with these calculations. In the interim, there are workaround calculation instructions in the PPM for you to refer to.

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Questions/Concerns:

Question: With 8PLP locked in on the PAR, many of our employees had one EID removed and we have to key that EID via PIP. When it is paid as a Payment Type 8 it is being issued at a 43% tax rate?

Answer: Premium Pays that are not locked in will be taxed at the flat rate.

Meeting adjourned at 3:30 PM.

Closing:

The PPRC encourages attendance by department representatives interested in improving the efficiency of personnel/payroll administration. However, if you are unable to attend these meetings and you have an issue or question you would like the committee to address, please contact Don Ward with pertinent information.

Next Meeting:

The next Meeting is Thursday, January 8, 2004 from 1:30 to 3:30 at:

State Controller's Office  
300 Capitol Mall, 6th Floor, Room 635  
Sacramento, CA 95814

Listed below are the PPRC meeting dates for the 2004 calendar year. All meetings are from 1:30 to 3:30 at the above location.

January 8, 2004  
March 11, 2004  
May 13, 2004  
July 8, 2004  
September 9, 2004  
November 18, 2004

Should you have any questions regarding the PPRC meeting or have additional information to provide, please contact Don Ward at (916) 322-8805 or via e-mail at [dward@sco.ca.gov](mailto:dward@sco.ca.gov).